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ABSTRACT

Resource allocation and reallocation strategies for colleges who have financial problems are considered in three articles based on presentations to a national conference at the University of Arizona. In "Reallocation Strategies," James A. Hyatt discusses factors that shape institutional responses to reallocation and elements that should be considered in developing reallocation processes. Among these factors are: duration of the fiscal crisis; the degree of management flexibility at the institution; and the diversification of institutional revenue sources. John W. Casey's article, "An Institution Experiences Contraction," concerns the situation at Seattle Community College District. Reasons for reduced educational expenditures are considered and demographic data are presented on: Washington State, Seattle and King County, and the Seattle Community College District for 1979 and 1982; and full-time equivalent enrollments in the community college system. Finally, "Resource Allocation at California State University, Hayward" by Ellis E. McCune considers: the problems of reallocation resources in response to declining student enrollments and reduced budget allocations; and the broader context of decision-making on resource allocation throughout the life cycle of the university. (SW)

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Topical Paper No. 24

ALLOCATING AND REALLOCATING FINANCIAL RESOURCES IN AN ENVIRONMENT OF FISCAL STRESS

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May 1984

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Edited by

Robert A. Wilson

Selected Proceedings
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College of Education
University of Arizona

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REALLOCATION STRATEGIES

James A. Hyatt

Introduction

Colleges and universities currently face the challenge of providing quality programs at reduced levels of local, state, and federal support. In responding to this challenge, institutions have engaged in a number of strategies ranging from across-the-board program reductions to reallocation processes that attempt to safeguard the long-term integrity and vitality of the institution. In either case, responding to scarcity has become an ongoing challenge facing today's colleges and universities.

In undertaking reallocation, institutions are frequently unaware of how other colleges have approached the problem. This information, however, is essential if institutions are to approach reallocation in an efficient and effective manner.

In order to meet the need for information on reallocation, NACUBO has recently completed a study of retrenchment and reallocation processes at five public colleges and universities. Institutions studied include the University of Washington, the University of Idaho, the University of Michigan, Michigan State University, and the Seattle Community College. These institutions are located in three of the states that have been the hardest hit by revenue shortfalls. As a result, the NACUBO study highlights approaches to retrenchment and reallocation by institutions under severe political, economic, and time pressure.

At each institution visited, project staff met with key administrators in both the academic and support areas, as well as with faculty members and students who had been involved in retrenchment and reallocation activities.

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Retrenchment Versus Reallocation

The initial intent of the NACUBO study was to examine the effects of revenue reductions on colleges and universities and to document how these institutions had responded to fiscal stress. In this regard the focus of the study was on retrenchment or how institutions reduced expenditures and curtailed operations. In visiting each institution, however, project staff noted that while retrenchment had been common during the initial reductions, reallocation had been implemented as a long-term approach to fiscal stress. As used in this paper, reallocation is defined as "a process which redistributes resources according to a plan." In the case of the University of Michigan, for example, the reallocation process had two objectives. First, to redistribute some of the resources of the University in order to "better meet the highest priority needs of the faculty and students." Second, to insure that the targets for reallocation had a higher priority than those areas that would be reduced.

Factors That Determine Institutional Approaches to Reallocation

The manner in which an institution approaches reallocation is determined by a number of internal and external factors. Among these are

1. Duration of the fiscal crisis.
2. The degree of management flexibility available to the institution.
3. The diversification of institutional revenue sources.
4. The historical level of recurring program support.
5. The ability of the institution's administration to communicate with all of the institution's constituent groups.

The significance of each of these factors in shaping reallocation processes at the institutions studied were as follows:

Duration of the Fiscal Crisis

An institution's response to fiscal stress is often determined by the duration of the fiscal crisis. In particular three factors that shape this response are (1) the short- or long-term nature of the crisis, (2) timing of the budget reductions, and (3) the institution's state of preparedness.

(1) Short- Versus Long-Term Crisis. When initially faced with a reduction, an institution will normally assess whether the duration of the fiscal crisis is short- or long-term. If the crisis appears to be a short-term phenomenon, the institution will institute across-the-board reductions on all programs. Such

actions include (a) reduction or deferral in support services such as plant operation and maintenance, (b) travel freezes, (c) deferral of equipment purchases, and (d) hiring freezes. As the fiscal crisis worsens, a mixture of across-the-board and selective program reductions are implemented. The largest reductions are normally made in the noninstructional areas and in academic programs not central to the main instructional and/or research purposes of the institution, e.g., certain public services and ancillary activities. In addition, where possible there is an attempt to make activities, such as public radio and television operations, continuing education programs, and certain institutional services, self-supporting. If possible, tuition and fees are raised to generate additional revenue. As the hope of an early solution to the fiscal crisis diminishes, institutions implement major program reductions. At the University of Washington, University of Michigan, and Michigan State University these reductions were targeted through an institution-wide program review process. The focus of these processes have not only been one of budget reduction but also of resource reallocation.

(2) Timing of Budget Reductions. Frequently, budget reductions occur during the academic year. In the case of Michigan State University and the University of Michigan, both institutions were well into the fiscal year when they received an appropriation that was significantly below budgeted levels. In order to respond, both institutions instituted a number of one-time measures. Michigan State University, for example, ordered the imposition of a $20 registration fee surcharge for the Winter and Spring terms and laid off all but essential personnel for two and one-half days. In addition, a number of special projects were deferred.

The effect of mid-period budget reductions are often magnified since a 5 percent reduction in mid-year usually represents a 10 percent or more reduction of remaining unexpended funds. In addition, the number of options for reducing expenditures is greatly reduced if a budget cut occurs during the academic year. The fact that colleges and universities are labor intensive means that budgets are difficult to alter on a short-term basis. Contracts with students and faculty, for example, must be honored. As a result, it has been estimated that less than half of an institution's projected expenditures are subject to reduction once a fiscal year has begun.

(3) State of Preparedness. A state of preparedness exists at an institution if one or more of the following actions have been taken prior to the fiscal crisis. First, contingency funds have been established to temporarily deal with revenue shortfalls. In the words of Harold Shapiro, president of the University of Michigan, this means "the conventional and prudent practice of maintaining sufficient financial liquidity so that if revenues fall, or expenditures increase unexpectedly, monies can be found to fill the gap." Second, efforts have been made to reduce ongoing contractual commitments with

faculty and staff. In this regard, Michigan State University's special retirement options and intra-university transfers represent an excellent approach to faculty and staff reductions. Third, a state of preparedness exists when reviews of an institution's role, mission, and programs are part of an ongoing management process. Review processes, such as the University of Washington's University Review Process, enable administrators to make informed and responsible reallocation decisions. Such reviews enable the institution to identify areas in which long-term reductions or reallocations may be necessary. In this regard, adequate institutional data bases are essential to sound institutional planning and review processes.

Financial Management Flexibility

The flexibility that an institution is allowed in its financial management is another critical element in determining its response to fiscal stress. The ability to carry forward funds from one fiscal year to the next, for example, can enable an institution to build reserves gradually and systematically. As a result, it is in a better position to respond to fiscal crisis. The ability to establish reserves, however, should be exercised carefully since the existence of such reserves may provide an excellent rationale for further reductions in state support of a public institution's base budget.

Another element of financial flexibility is the ability of an institution to transfer funds among budgetary units and between expenditure categories. The University of Idaho, for example, found that such flexibility enabled it to respond more effectively to budget reductions and permitted it to minimize the impact of reductions on key areas of the institution, such as libraries and student services. In this regard, it should also be noted that the benefits derived from such actions can be increased if flexibility is applied not only centrally but also at the college and departmental levels.

An institution can better respond to fiscal crisis by improving its internal management flexibility. A number of the institutions studied, Michigan State University in particular, have made judicious use of cash management techniques in responding to budget reductions. Position control systems and central capture of salaries from vacant faculty and staff positions are two methods of obtaining funds to offset revenue shortfalls. A number of institutions have also achived cost reductions by consolidating or merging existing offices or programs.

Cost saving can also be achieved by investing funds in upgrading management processes and procedures. The University of Idaho, for example, has improved its internal budget management procedures through the innovative use of computer technology. In a similar manner, Seattle Community College has made effective use of an automated library reference

system, the Washington Library Network, to improve the effectiveness of its library operation.

Diversification of Revenue Sources

A diversification of revenue sources is helpful in avoiding major dislocations caused by drastic reductions in one or more funding sources. Because of the diversity and composition of its funding sources, the University of Michigan, for example, has had more flexibility in responding to budget reductions than institutions that are totally dependent on state appropriations. In addition, the ability of a college or university to set tuition and fee levels provides it with the option of partially offsetting losses in state support by increasing tuition and fee revenues. This option was available to the University of Michigan and Michigan State University but not to the University of Washington or the University of Idaho, whose tuition levels are set at the state level.

In order to diversify their revenue sources, a number of the institutions visited increased their development activities. At Michigan State University, for example, the commitment of funds to a number of small capital campaigns enabled the University to raise $9 million. In addition, other institutions, such as the University of Michigan, are seeking to strengthen their ties with business industry.

Historical Level of Recurring Program Support

An institution's historical level of recurring program support is a major factor in determining its approach to retrenchment or reallocation New institutions or those with a recent history of budget reductions have fewer financial options in responding to retrenchment. Michigan State University, for example, grew rapidly during the 1960s and 1970s. In the process, it greatly expanded the scope and depth of its program offerings through more departments, colleges, and professional schools. By the 1980s, however, state support for higher education had declined. As a result, in approaching reallocation the Board of Trustees noted that

> The one option we do not have is to recommend minimal changes or no changes. . . . The decision problem we face is radically different. Our decision problem is which programs should be sustained and which should be curtailed or eliminated. Michigan State cannot be all things to all people. In fact, the University is not funded at a level which will allow it to continue all its current programs (*Coordinated Proposals,* 1981, p. 2).

In recognition of this fact, the reallocation process at Michigan State University has been guided by a fundamental consideration: all programs and activities must be examined in terms of their centrality to the university's role and mission.

Ability to Communicate Effectively with Constitutent Groups

A final factor that influences the reallocation process is the ability of the administration to communicate with all the institution's constituents. An adequate dialogue should be maintained not only with students, faculty, and staff but also with alumni, the general public, and leaders in business and industry. It is essential that these groups are informed of the reason. for reallocation and the options available to them. In this regard, administrators should pursue a middle course between dramatic predictions of doom and a low key approach which understates the real impact of reductions on the institution. As evidenced by the experience of the institutions studied, an informed faculty, staff, and student body will greatly assist the success of the reallocation process.

Important Considerations in Developing Reallocation Processes

The preceding discussion of factors effecting an institution's response to retrenchment and reallocation leads to a discussion of the important elements that must be considered in developing an effective reallocation process. These factors include

1. Faculty and constituent involvement in reallocation.
2. Assessment of institutional role and mission.
3. The quality of academic and support programs.
4. Assessment of the long-term versus short-term costs and benefits associated with reallocation.

Faculty and Constituent Involvement in the Reallocation Process

In order to be successful, the reallocation process should be marked by the active involvement of faculty, students, and other constituent groups. At a number of the institutions studied, a steering committee composed of senior administrators, faculty, and students was established to guide the reallocation process. At the University of Michigan, it was the Budget Priorities Committee; at the University of Washington, it was an Ad Hoc Planning Group which included the provost, the vice president for Health Sciences, the dean of the Graduate School, and the chairman of the Faculty Senate's Council on Planning and Priorities.

A number of the institutions visited found that the level and quality of communication among all staff of the institution improved during the reallocation process. Once the need and rationale for reallocation was

explained, faculty and staff formed together to make the process work. In particular, cooperation between academic and financial administrators was crucial to the successful development and implementation of reallocation.

Assessment of Institutional Role and Mission

A thorough understanding of the role and mission of an institution is the foundation upon which a successful reallocation process must be built. A program review process that is conducted within the context of the institution's role and mission helps to identify high priority areas and areas in which programs should be reduced or eliminated and resources reallocated. In 1983, for example, administrators at Michigan State University declared

> Maintaining academic excellence in the midst of changing financial conditions demands a constant attention to the universities mission and goals and requires a continuous process of university-wide strategic planning.

In a similar vein, the University of Michigan referred to its role and mission statement in identifying six programmatic (rather than organizational) areas as beneficiaries to the reallocation process. These areas are

(1) salaries for faculty and staff;

(2) the research area, including generating better incentives for research;

(3) undergraduate teaching and incentives for better teaching;

(4) an improved level of merit-based support for graduate students;

(5) funds to regenerate the budgetary capacity to respond to new intellectual developments and social needs and to provide for selected program growth and development; and

(6) an improved level of support for instructional and research equipment and the renovation of physical facilities.

Quality of Academic and Support Programs

A concern for maintaining or enhancing institutional quality underlies a number of reallocation plans. While measuring quality remains a difficult task, program reviews combined with input from other sources, such as accreditation reports, help to identify the strong and weak areas of an institution. At the University of Washington, for example, the quality of faculty and of graduate programs has been of major concern. As a consequence, salary merit pools have not been used to offset reduced support

in the belief that high-quality faculty must be rewarded. In a similar manner, no reductions have been made in the graduate research fund.

Assessment of the Short- and Long-Term Costs and Benefits Associated with Reallocation Decisions

In developing reallocation processes, administrators must be sensitive to the short- and long-term implications associated with their actions. For example,

1. **Reduction in Support Units.** While support areas are often among the first targets for retrenchment or reallocation, reductions in these areas can often have negative long-term effects on an institution. For example, an institution's inability to comply with state reporting or audit requirements can adversely effect the reputation of an institution with the state and other funding sources. As a consequence, a loss of institutional credibility may mean that the funds allocated to the institution may be further reduced. In a similar manner, reductions in student services can impair an institution's ability to attract and retain quality students, faculty, and staff. The quality of instruction and research programs can also be adversely affected by inadequate support.

In considering reductions in the support area, administrators should be aware that false economics may result when reductions in departmental support merely result in increased demand for central support services, such as accounting and purchasing.

2. **Deferring Equipment Purchases.** The deferral of equipment purchases can provide some relief from short-term budget reductions. In the long run, however, inadequate funding of equipment can lead to serious erosion in the capacity and quality of instruction and research programs. Inadequate facilities and equipment can also impair the institution's ability to attract research grants and contracts.

3. **Reductions in Library Services.** The availability of adequate library services is critical to the instructional and/or research mission of an institution. Reductions in the breadth and diversity of a library's collections, in the library's hours of operation, and in its range of services can seriously impair the institution's ability to provide adequate support to instructional and research programs and in its ability to attract and retain quality students, faculty, and staff. As a result, what appears to be a short-term solution to budget cuts can result in major long-term problems.

4. **Deferral of Plant Maintenance.** The risks associated with differing plant maintenance can also have long-term implications on the institution's

academic programs. If programs cannot be adequately housed or if library collections and research equipment cannot be adequately housed or if library collections and research equipment cannot be adequately protected, the institution runs the risk of undermining its instructional and research capacity. In addition, deteriorating facilities and equipment expose the institution to potential legal liabilities from lawsuits resulting from accidents and/or injuries. In this regard, it is important to note that these liabilities could possibly offset the savings from cost reductions in this area.

Conclusion

Given the preceding discussion of factors which shape institutional responses to reallocation and elements that should be considered in developing reallocation processes, a fundamental question emerges: are institutions improved by going through retrenchment and/or reallocation? The experience of the institutions studied is generally positive. A planning document from the University of Washington, for example, states that

> A university can contract in size and scope without losing its claim to excellence. If choices facing it are made well, based on carefully developed plans, excellence need not suffer. Some activities of the university may be reduced in scope; others may be eliminated as the university carefully restricts its range of offerings. The result, it is hoped, will be an institution of excellence ready to meet the challenges of the next century on a stable and predictable financial foundation (*Long-Range Problems, Desires, and Priorities,* 1982).

From the perspective of Billy E. Frye, Vice President for Academic Affairs at the University of Michigan,

> These steps will permit us to achieve an improved level of per capital support for our faculty, students, and staff. This is the essence of the now familiar aphorism "smaller but better," which I take to mean "in order to be better we must be smaller" or stated negatively, "unless we become smaller we cannot sustain, much less improve, our present level of excellence."

Other institutions currently involved in reallocation have found that the process of reallocation has improved faculty and staff understanding of the institution's role and mission and has helped in setting institutional priorities. Reallocation has also prompted an in-depth discussion of the long- and short-term implications associated with alternative reallocation decisions.

It is imperative that institutional administration understands the process of resource reallocation and is aware of alternative processes for implementing

reallocation at their institutions. If colleges and universities are to meet the challenges facing them in the years ahead, reallocation must be made an integral part of institutional management.

AN INSTITUTION EXPERIENCES CONTRACTION

John W. Casey

Historical Perspectives

In 1967 the Legislature of the State of Washington passed enabling legislation that has taken the title, "The Community College Act of 1967." The state was divided into 22 community college districts, numbered from one to 22. In 1981, District V was split so that there are now 23 districts with 27 colleges.

"Junior" colleges existed in the state prior to 1967 but only a scattered few. State law previously forbade the organization of junior colleges in cities where four-year public or private colleges or universities were established. As a result the major growth areas of the state had no community colleges, even though these were the places having the greatest need.

The Seattle Community College District was formed in 1967, having as its nucleus the old Edison Technical Institute that was governed and funded by the Seattle Public School District. In that year the institute was enlarged, the curriculum expanded to include university parallel courses, and the name changed to Seattle Central Community College. The campus was originally planned to be the first of four major sites.

North Seattle Community College and South Seattle Community College were formed three years later. A five-member Board of Trustees governs the district. A district administrative office, located in the central part of the city but off the campus of Seattle Central, was opened. A district president is the chief administrative officer, and campus presidents are responsible for their respective sites. Campus presidents report to the district president (Chancellor) who, in turn, reports to the Board of Trustees. Board members are appointed by the Governor of the State of Washington and confirmed by the

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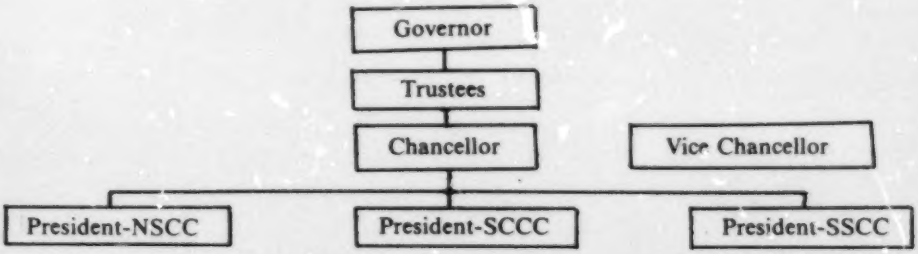
Washington State Senate. Terms of office are five years with appointments optionally renewable.

Trustees appoint one person—the Chancellor. The Chancellor, in turn, appoints the three campus presidents and the staff at the District Office. Campus presidents select and hire all persons employed on their respective campuses.

The organization may be more clearly seen in the diagram below:



The Seattle Community Colleges, beginning with a few hundred students from the Old Edison Technical Institute, grew to 19,000 students by 1977 and to 28,400 by 1980. Because of financial restrictions resulting in cutbacks, enrollments dropped to 22,700 in the autumn of 1981 and are expected to drop further to 21,000 in the autumn of 1982.

Starting from a technical institute base with only vocational and technical programs, more than 180 certificate and degree programs are now offered by the district. During the autumn of 1979, 2,595 class sections were offered. The total teaching faculty numbered 900 with a full-time faculty of 360. A support staff of 180 was employed at that time with 91 administrators also serving.

Goals and objectives were myriad, but leading the list was meeting the educational needs of several communities that make up the Seattle Community College district. The list included

1. Meeting employment needs of business and industry.
2. Providing college and university lower-division courses that met the transfer requirements of four-year institutions.
3. Providing educational opportunities for minorities and women.
4. Supplying superior counseling and guidance services.
5. Maintaining grants and loans services (financial aid) necessary to meet the needs of students who relied on such help.

6. Providing community services of varying types, with an attempt to refrain from duplicating those already offered.
7. Building and maintaining facilities that met the needs of the stated mission of the college.
8. Providing cultural and recreational offerings consonant with the mission of the institution.
9. Providing adequate financial and professional awards to those employed by the institution.

Mission Statement

Eighty-one people recruited from all constituencies of the institution met in an all-day session in 1978 to formulate a mission statement that would serve as a guide to the educational efforts of the Seattle Community College District. The agreed-upon statement read

> Seattle Community College is a comprehensive educational system providing an open door to a stimulating educational environment including academic, vocational, continuing education, and community services programs which are responsive to the changing needs of the diverse communities it serves.

Key elements in that statement included

- The uniqueness of Seattle Community College.
- The broad spectrum of services the college believes it should provide.
- The changing nature of communities in Seattle.
- The community college's ability to be flexible in its programming and services and thus to respond quickly to changing needs.
- The importance of a stimulating environment.

At the present time the statement of mission is being challenged by forces outside the educational system. In the spring of 1982 the Chancellor, in setting up a new master planning effort, stated

> The passing of time, a changing political climate, a drastic change in the economic situation and the change in the needs of our community have made it necessary to examine our mission statement as well as our philosophy and goals.

That process is now in progress. Nine task forces, with representation from all constituencies of the college, have been appointed. The areas of study and reporting are

1. Mission, philosophy, and institutional goals
2. Student/educational programs
3. Staffing
4. Public information
5. Energy
6. Facilities
7. Organization and decision making
8. Management and information systems
9. Fiscal

Because of the urgency brought about by the current fiscal problems, two task forces have been asked to proceed at faster-than-normal speed: student/educational programs and fiscal.

Demographic Data

One needs only to look at the demographic data—and the changes that have taken place in the past three years—to determine the severity of the crisis that is being faced:

National

Indicators	1979	1982
Economic outlook	Inflation high; unemployment low; interest rates rising	Lowered inflation; unemployment high; interest rates slowly declining
Population projection	Cuban/Indo-Chinese immigration	Stable
Technological demands	Awareness developing; little planning	Increased awareness; planning for high technology
Educational outlook	Increasing enrollments; adequate funding; mood positive	Diminishing enrollments; inadequate funding; budget cuts; mood negative
Social conditions	Some problems; generally positive	Increasing problems; generally negative
Political climate	Generally negative	More negative

State of Washington

Indicators	1979	1982
Economic outlook	Positive; growth-oriented; low unemployment	Negative; recession-oriented; high unemployment
Social conditions	Heavy immigration; Cubans/Indo-Chinese	Growing concerns: poverty, unemployment
Political climate	Generally negative	More negative; legislature functionalized
Educational outlook	Positive; enrollments increasing rapidly	Negative; enrollments declining due to reduced funding
Technological demands	Awareness	Increased awareness for high technology training; new industry moving in
Population projection	Third largest number of immigrants	Stable

City of Seattle/County of King

Indicators	1979	1982
Economic outlook	Positive; optimistic; low unemployment	Negative; pessimistic; high unemployment
Social conditions	Generally positive; many immigrants	Generally negative; unrest developing, particularly with minorities
Political climate	Generally negative	Increasingly negative
Educational outlook	Optimistic; rapid growth in higher education	Pessimistic; rapid decline due to decreased funding
Technological demands	Awareness	Growing awareness that this is a developing high technology area
Population projection	Increasing	Stable

Seattle Community College District

Indicators	1979	1982
Economic outlook	Positive; adequate funding	Negative; major cutbacks; more anticipated; gloom prevails
Social conditions	Integrating immigrants; generally positive	Generally negative; racial unrest beginning

Political climate	Slightly negative; negotiations in progress	Negative; fear of loss of jobs; salary increases postponed
Educational outlook	Positive; enrollments reached all-time high	Negative; rapidly declining enrollments
Technological demands	Awareness	Attempt to meet future demands
Population projection	Rapidly increasing	Rapidly decreasing

Experiencing Contraction

Reduction in expenditures has one of three origins:

1. Executive order by Governor
2. Reduction in appropriation by Legislature
3. Recession by Legislature

The amounts of reductions may vary due to the perception of the magnitude of the shortfall. Political considerations also have priority. It may be wiser, politically, to have two small cuts than one large one; or it may be better to defer taking any executive action and call the Legislature back into session, projecting as large a cut as is thought believable. The timing of cuts may be delayed because of impending elections.

Such drastic reductions have been made in Washington State because of two factors:

1. Inadequate tax base
2. Disintegrating economic climate

Property taxes, used primarily to support local authorities, are quite low and are governed by the "106 percent law." They may be increased no more than 6 percent per year. The sales tax is 5.6 percent (plus 1 percent in Seattle to support local government). There is no state income tax. By constitutional law, to invoke a graduated state income tax would take a positive vote of the constituency—a fact that will probably never be realized. A flat rate tax could be put into law by the Legislature.

A cumulative series of cuts from the appropriated amounts is shown below:

Governor Ray (1980)	3%
	2%
1981-83 Budget	2-5%
September 1981	5%
April 1982	2%
	2%
July 1982	4%
July 1982	1.5%

It must be remembered that during this time some positive adjustments were made for inflation and for increases for salaries. No provisions were made for growth, however, and the contracted enrollment figures were held constant (in spite of the fact that there was a strong demand for increase).

COMMUNITY COLLEGE SYSTEM
FTE Enrollments
Washington
(State funded)

1971-72	66,175	1977-78	85,666
1972-73	69,873	1978-79	88,193
1973-74	74 062	1979-80	97,848
1974-75	81,480	1980-81	104,000
1975-76	85,140	1981-82	88,000
1976-77	83,187		

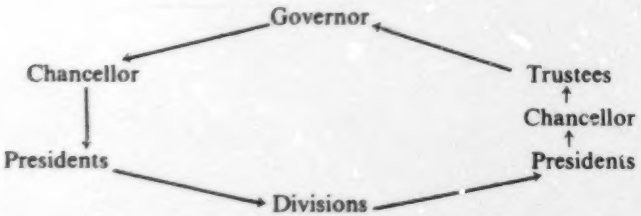
For the Seattle Community College District, FTE (State-funded) enrollments look like this:

1970-71	8,959	1977-78	12,135
1971-72	10,460	1978-79	12,479
1972-73	10,268	1979-80	14,056
1973-74	10,739	1980-81	15,040
1974-75	11,229	1981-82	11,996
1975-76	11,645	1982-83 (est.)	10,770
1976-77	11,917		

Note: One FTE equals approximately two headcount students; 65 percent of all students are part-time.

The effect of legislative/executive order cuts can be seen in the 1981-82 enrollment and the estimated enrollment for 1982-83. Thousands of students are being denied access.

The process for implementation of the reductions followed a clearly defined process. The fact that the cuts were arbitrary, at various intervals, sometimes made and then restored, and for varied accounts, has made budgeting extremely difficult. The process is shown below, a model that I choose to call the "Boomerang Model"—results return to the point of origin.



Governor

This model assumes the cut comes by Executive Order rather than legislative mandate. It is the responsibility of the Governor, by law, to secure a balanced budget. When the Official of Financial Management determines (usually on a quarterly basis) that the revenues are inadequate to meet the expenditures of the State, then it is the responsibility of the Governor to

(a) order appropriate cuts or

(b) call the Legislature back into session to make appropriate adjustments either in the revenue or expenditure patterns.

Chancellor

The amount of the reduction is communicated from the Governor through the State Board for Community College Education to the Chancellor's Office. Through the avenue of the Chancellor's Cabinet the criteria for budget reductions are iterated or reiterated.

It is assumed at this time that contraction will pass through four distinct stages for which models will be shown:

Stage I - Diminishing Pyramid Model
Stage II - Attrition by Category Model
Stage III - Devastation by Category Model
Stage IV - Institutional Reformation of Mission and Restructuring of Organizational Model

For Stages I-III, criteria were established to serve as guides, criteria which represent priorities to be observed in the retrenchmnt process. They included

Criteria I - The proclaimed mission of the institution shall be maintained.

Criteria II - The core full-time tenured faculty shall be retained.

Criteria III - Access shall be provided for as many students as possible.

Criteria IV - Quality shall be maintained throughout the contraction process.

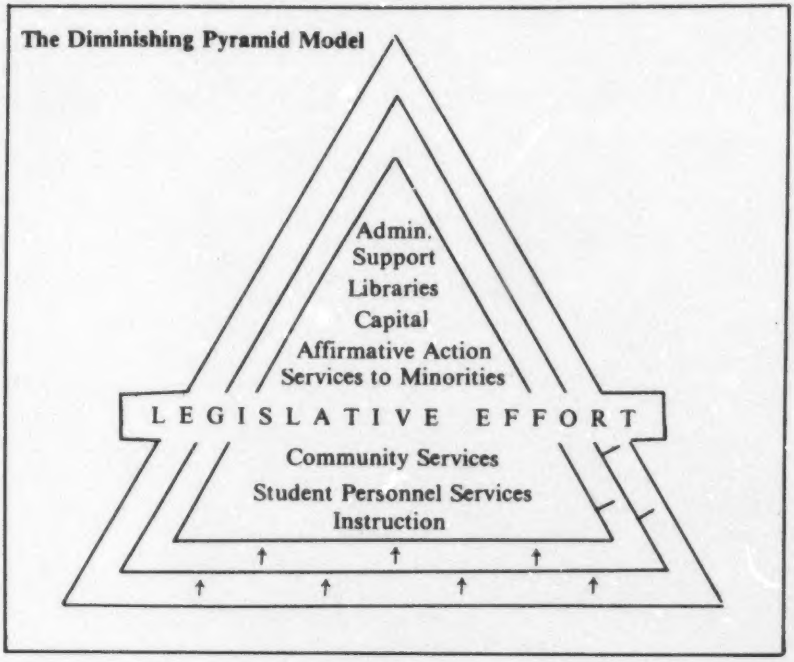
Criteria V - Adequate support services, both administrative and classified, shall be maintained.

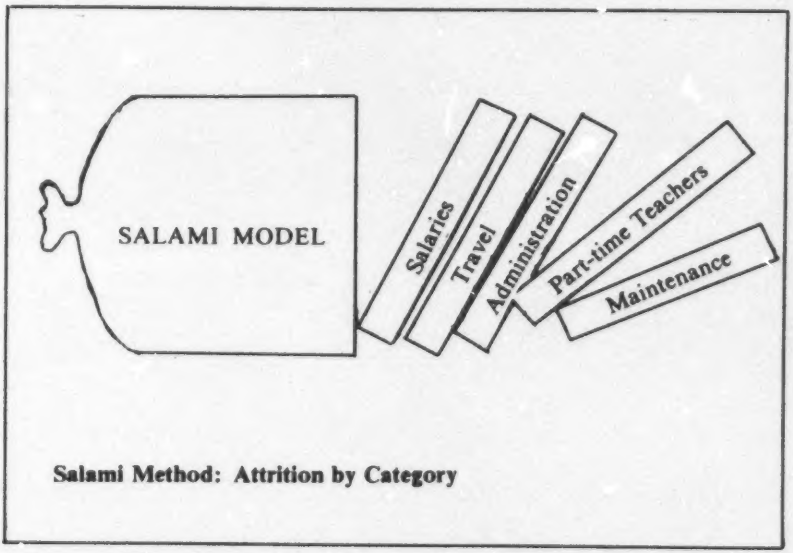
In Stage I, the "Diminishing Pyramid Model" was employed. All were surprised at the contraction that could take place before the institution was seriously jeopardized. There is a tendency to cry "wolf!" too soon and too often. We learned that we could still have a viable institution even after taking serious "budget cutbacks." The area most seriously affected was that of access, followed by support services. The "Diminishing Pyramid Model" is shown on page 20.

All services are reduced, somewhat proportionately, in this model. All areas do with less. This process was followed through the first few cuts; then it was no longer practical. It is then necessary to attack specific categories disproportionately. This model is called the "Salami Method: Attrition by Category" and is shown on page 20.

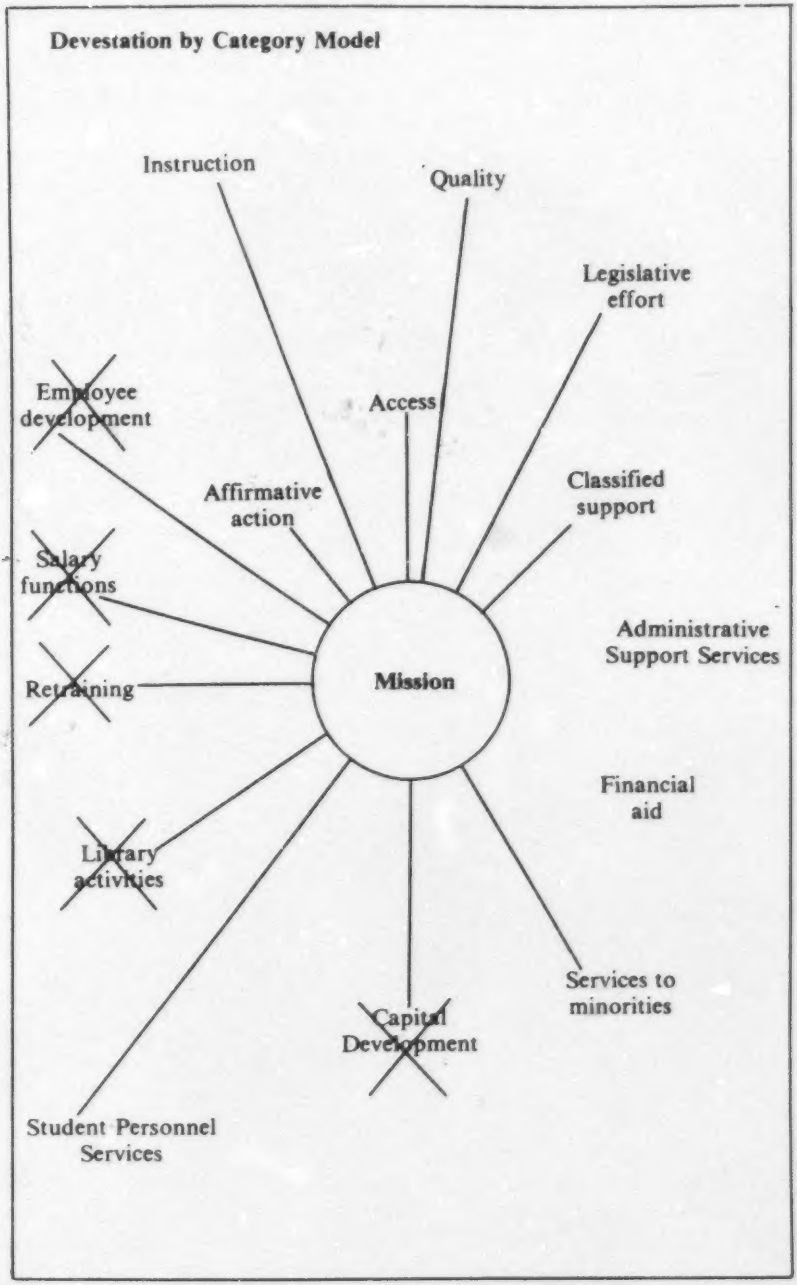
Because cuts were not predictable, were of varying degrees of seriousness, and were sometimes made and then retracted, planning in an organized manner was all but impossible.

As budget cuts progressed, even though the percentage of cuts was no greater, the consequences were far more severe. Hence, the "Devastation by Category Model" is perceived. It may be illustrated in two ways, using as a focal point the mission of the institution (see page 21).





Salami Method: Attrition by Category


Devestation by Category Model
Instruction
Quality
Legislative effort
Employee development
Access
Affirmative action
Classified support
Salary functions
Administrative Support Services
Retraining
Mission
Financial aid
Library activities
Services to minorities
Capital Development
Student Personnel Services

This process might be subtitled "Dismemberment by joints." Ultimately, only the torso, whatever that is, remains. Programs are eliminated, tenured faculty contracts are terminated, administrative functions and administrators are declared redundant, and the institution is thrown into chaos. Another step must be taken if restrictions continue.

The final stage in this grim act is State IV—"Institutional Reformation of Mission and Restructuring of Organizational Model."

As previously mentioned the Seattle Community College District is presently engaged in this process, although not very many of those engaged in it fully comprehend its obvious eventualities. When the process is completed, I doubt that we will have a Chancellor and three college presidents. Maintenance and operation services will probably be centralized. Individual campuses will be far less comprehensive. Summer session and evening classes may be restricted to a single campus.

If however, the economy changes, or the Legislature develops new revenue sources, a totally new configuration will develop.

Presidents

After priorities have been established and theoretical models for reduction have been agreed upon, the presidents take their allocation figures back to their own campuses for implementation. They first meet with their cabinets and their constituencies. District-wide criteria, as discussed in the Chancellor's Cabinet, are articulated. Thence, allocations are made to divisions and other operating units for their recommendations at their respective levels. This is done in close cooperation with the respective deans. The president also holds meetings with the faculty union vice president and classified union vice president.

Divisions

After new allocation figures have been shared with the division chairs and through the proper deans, meetings are held at the divisional level with the faculty and classified employees. Input is requested, suggestions are made, and ideas are presented for consideration by the chair. He/she then transmits recommendations through the dean to the president. A Cabinet meeting is held for final resolution. Recommendations for implementation are submitted to the Chancellor. Plans for the three campuses and the district office are then assembled, considered by the Cabinet where changes are made as appropriate, and then submitted to the Board of Trustees for approval.

Board of Trustees

The five-member local Board of Trustees must, by law, approve budgets. While it is not entirely clear whether the Board must approve budget revisions, the Seattle Community College District has followed that process. After approval by the Board, the Chancellor submits the budget revisions to the Office of Financial Management in the State capital. This consummates the budget revision process.

Contraction

Related to contraction the following observations have been noted:

1. Moods have changed:
   (a) Society expects less,
   (b) The Legislature has developed an attitude of thinly veiled hostility,
   (c) The community wants services but no tax increase to support them,
   (d) Trustees are becoming more vocal and organized as threats are increasing,
   (e) Employees have gone through a sequence of emotions:

       Disbelief,
       Annoyance,
       Frustration,
       Anger,
       Fear,
       Cannibalism.

2. People can now distinguish between short-term planning and long-term planning.
3. There has been a development of creative approaches to management, alternative delivery systems, support services, facility utilization, and funding mechanism.
4. Creative (and not-so-creative) approaches to contraction have been considered:
   (a) Reduction of part-time teachers,
   (b) Reduction of administrators,
   (c) Reduction of class sections,
   (d) Reduction of support staff,
   (e) Reduction of work year,

(f) Reduction of work week,
(g) Encouragement of early retirement,
(h) Administrative reorganization,
(i) Computerizing the administrative process,
(j) Closing instructional centers,
(k) Increasing work loads,
(l) Developing alternate delivery systems.

The Future

We are planning for a restricted economy for the balance of the decade. I expect to see statewide educational systems drastically altered. Community colleges, because of their newness and dearth of strong alumni support, are the most vulnerable. In a reflection on the "good old days" legislators will be prone to support the venerable old institutions for which they have strong affections and to which they have lasting loyalties. From now on it will be trench warfare. If there is a Dunkirk, I fear there will be no place to which we can retreat—unless it is to pure technical, noncollegiate institutes or the traditional "junior" colleges of the past.

Conclusions

The conclusions that I have reached as a result of the contraction experience are

1. Up to this point the management of contraction is but a series of episodes in a worsening trauma.

2. The level of hostilities between and among constituent groups closely parallels the threats to the whole brought about by the contraction process.

3. Scapegoats will be sought and found. Epochs, to end successfully, must have a victim, possibly a martyr.

4. Long-term damage will be done by short-sighted decision making.

5. Institutions will be affected, but the untold drama will be the unfulfilled dreams of those who hoped to be upwardly mobile but have been dragged down—or held down—to the poverty level because there was no educational ladder for them to climb. In a service economy, one must know how to serve.

6. The positive elements of retrenchment, e.g., "housecleaning" of incompetents, creative approaches to organization, delivery systems, etc., are outweighed by the negative aspects of contraction.

As first-line administrators—or trustees—it is our lot to do the best we can with what we have. We must not only manage contraction but stress, longer hours, fewer rewards, and a greater condemnation for not preserving things as they were.

When one person becomes a president/principal he may well mouth the words of another era: "It was the best of times; it was the worst of times." And when he retires he will say, "It is a far, far better rest I go to than I have ever known. . . ."

RESOURCE ALLOCATION
AT
CALIFORNIA STATE UNIVERSITY, HAYWARD

Ellis E. McCune

Introduction

My comments address the question of resource reallocation at a medium-sized, public university. I will attempt to identify the forces that create the need for reallocation; to review the procedures, agencies, and techniques used; to define the pattern, size, and consequences of reallocation; and to present a few personal conclusions. Before doing this, however, I want to make two observations.

First, the paper focuses on the problems of reallocating resources in response to declining student enrollments and reduced budget allocations. This is not surprising because adversity tends to focus the mind in a way that prosperity does not. But we cannot overlook the fact that reallocation is also a vital acvitity in periods of growth and expansion. Decisions made about personnel and other resources in periods of growth affect the future of the university no less than those made in periods of retrenchment. These decisions, moreover, often create some of the most intractable problems that we face during retrenchment. Reallocation, therefore, must be placed within a broader context of decision making on resource allocation throughout the life cycle of a university.

My second observation is that we need to distinguish between reallocation under normal conditions and reallocation under conditions which threaten or challenge the existing goals or values of the university. The former is an

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Special acknowledgement is given to the significant contribution made by Thomas Morrison, Executive Assistant to the President, California State University, Hayward.

everyday occurrence in the management of the institution. Utility bills change in mid-fiscal year; buildings spring leaks without prior authorization by the legislature; the basketball team goes out of control, wins a championship, and must be transported to Bangor, Maine for the playoffs; enrollments are 1 percent higher or lower than the budget projected; Spanish is up, and Russian is down. All of these events call for reallocation of resources, but they do not require major changes in personnel; they do not call into question the basic goals of the university or call for intense debate on its future. They are part of the normal managerial responsibilities of the institution and can be discharged within accepted formulas. They are amenable to the application of expertise; we have templates by which we may stamp out solutions.

Although the dividing line between these normal reallocations and those which are more fundamental is not sharply defined, the effect on the university and the nature of its response is markedly different. When the scale and pattern of reallocation have widespread effects on personnel, and when reallocation involves challenges to established goals, the solution cannot be found in standard management practices and the application of formulas. Each major decision involves debate on values as well as formulas, and lasting solutions require the building of a new consensus or renewal of the old. Reallocation in the context of crisis requires political leadership in the best sense of that term.

I. Background to Reallocation at California State University, Hayward

The growth rate at Cal State Hayward during the decade of the 1960s was phenomenal. Enrollments increased at rates of 50 and 75 percent in the first five years and continued at the rate of 25 percent per year from 1965-66 through 1969-70. Growth in 1970-71 was 17 percent; in 1971-72 it was 7.5 percent, and in 1972-73 it was 1.4 percent. By 1972, total enrollment had reached 12,166. This growth rate was approximately double that of the 19-campus system as a whole and was greater than that of any other campus in the system. Three things concerned us about enrollments in 1972-73. First, the rate of growth had slowed to only 1.4 percent. Careful study of the history of enrollment patterns at other campuses in the CSU, however, revealed that many campuses had experienced a year or two of low growth or decline followed by a resumption of significant growth in subsequent years. There was no certain way to predict enrollment trends even after we experienced our first decline of 2.7 percent in 1973-74.

The second factor that concerned us was a drop in the average number of units carried by our students. The decrease began in 1971-72; and by 1972-73, when our enrollments were up 1.3 percent, our FTE was down by 1.0 percent. The staffing formula introduced by the Reagan Administration in 1971 tied the number of faculty and staff positions allocated to the campus directly to a

fixed student-faculty ratio based on FTE. Because FTE declined, our resources were automatically reduced, yet careful studies of enrollment trends throughout the state and use of the most sophisticated projection formulas could not provide a reliable guide for planning resource allocations in the coming year. It is well to keep this point in mind because it suggests that theories about reallocation or retrenchment are weakest at the most crucial point. Enrollment projection is a very uncertain art, and major changes are influenced primarily by exogenous factors over which we have little control (wars begin and end, economies flourish or decline, young people change values). Reallocation theories, therefore, provide little guidance for determining *when* reallocation should begin. We all know we should bite the bullet, that we should use good judgment in decision making under conditions of uncertainty, and that we should act promptly and decisively. But this was small comfort to us in 1972-73.

The third element that concerned us at the time was a sudden shift in student demand as reflected in course enrollments and choice of majors. This began in 1972-73 and by 1978-79 had produced major changes in the distribution of our majors. The curriculum at Hayward was shaped by the preferences of students during the 1960s. This preference was for majors in the liberal arts, natural sciences, mathematics, education, and the social sciences. The CSU staffing formula prior to 1971 further stimulated this trend by providing faculty and support funds in direct response to student enrollments. A comparative study of the curriculum of Hayward and the other campuses in the CSU system revealed that concentration of majors in the fine arts, humanities, social sciences, biological sciences, mathematics, and education were much higher at Hayward. The older campuses had programs in applied and professional fields, such as agriculture, architecture and design, communications, computer sciences, engineering, health professions, and public affairs, which we did not. This imbalance of the curriculum left Hayward particularly vulnerable when a major shift in student demand occurred between 1971 and 1978.

A few examples will illustrate the magnitude of the problem we faced. The English Department had 640 majors in 1971; in 1978, it had only 132. Philosophy dropped from 112 in 1971 to 34 in 1978, History from 624 to 111, Anthropology from 199 to 33, Sociology from 855 to 212, Mathematics from 444 to 196. At the same time, the number of majors in Business and Economics and in the few other applied programs we offered began to grow.

By the end of 1973 we knew we faced serious problems. Determining the nature and scope of our response, however, was more difficult.

II. Reallocation at Hayward

A. *Normal Reallocation: 1972-74*

The enrollment decline of 1.4 percent in 1972-73 was followed by a decline of 2.7 percent in 1973-74. Because of the concommitant decline in average student workload, however, the 2.7 percent enrollment drop produced a 7.2 percent drop in FTE for 1973-74.

From 1972 until the Spring of 1974 we sought to cope with the problem by using what I have termed the normal or standard means of reallocation. We reduced part-time and nonpermanent staff in departments with declining enrollments. At registration, we strictly enforced minimum enrollments required for classes to be offered. Staff and faculty positions that became vacant reverted to the Vice President, and the affected departments had the burden of proving that replacements were essential. Otherwise, the positions were reallocated to growing departments. Where possible, support and equipment budgets also were reallocated to meet changing needs. Although efforts to manage the problem through normal means proved insufficient, they were reasonable and productive steps under the circumstances. We obtained very considerable benefits from them.

First, detailed historical and comparative information on enrollments, FTE, numbers of majors, student-faculty ratios, target ratios, and support and equipment budgets were provided to all administrators, deans, department chairs, committees and members of the Academic Senate, and to many individual faculty. Our *Statistical Handbook* became the coinage of the realm, the commonly accepted standard, and the source of information for all discussions on allocation of resources. Consequently, when we convened the lay-off committee in Spring 1975, not only were its members well-informed, but we were spared much of the conflict and distrust that arises from alternate perceptions of reality fabricated from homemade facts.

Second, prompt use of normal methods enabled the administration to refine its procedures, to develop effective administrative agencies, and to obtain a more detailed and accurate understanding of problems and alternatives. This helped us avoid precipitous actions which later could not be defended in either budgetary or programmatic terms. One simply does not know the depth of the problem that faces the campus or the nature of the alternatives and their consequences until one has a command of the details.

Finally, exhaustion of standard management procedures was essential to showing good faith when we later called for more serious

sacrifices. Although it is seldom mentioned in the literature on retrenchment, the maintenance of belief in the credibility of the administration and the legitimacy of its action is vital to successful reallocation.

B. ***Fundamental Reallocation: 1974-79***

1. ***Program and Personnel***

As enrollment decline and shifts in student majors continued in 1973-74, we faced the need for more drastic measures. We were experiencing a sharp decline in undergraduate transfers from community colleges, and analysis indicated that although this was due in part to a change in the focus of programs in the community colleges, some of the decline was due to students electing to go to other campuses and universities that offered majors they preferred. It was also evident that unless we rapidly developed programs in applied and career disciplines and immediately added approximately 30 positions to growing programs in business, economics, public administration, and communications, we would lose hundreds of FTE in the coming years. All of this had to be done while reducing the total number of faculty and staff positions.

In February 1974, I called a special meeting of the university faculty and informed them of the serious nature of our budget problems. In October 1974, after extensive consultation with the Academic Senate, I issued *Interim Procedures for Lay-off* and forwarded the document to the Academic Senate. Under these procedures, a committee consisting of faculty elected from the Schools and representatives appointed from the Administration was established. The Chair of the Academic Senate, who serves as an ex-officio member of the University Budget Committee and also attends weekly meetings of my Executive Staff, is the chair of the Lay-off Committee. The task of this committee was to review proposals put before it by the administration, conduct its own hearings and research, and present its recommendations to the President. In Spring 1975 I convened the committee and provided it with all the data and analysis available to us that related to the budget crisis. Included were a list of positions needed for 1975-76, an analysis of over-staffed departments (see Attachment A), and a statement that unless the committee could find ways to achieve a reallocation of approximately 30 positions, lay-off of tenured faculty and staff to achieve the reallocation would be required. In the event the committee concurred that lay-off was unavoidable, I requested their recommendations on the teaching service areas which should be reduced.

The response of the committee and of the faculty was outstanding. At the outset they accepted the crisis as genuine and proceeded to work constructively on ways to cope with immediate problems. By holding extensive hearings, in which everything from the mission of the University to target ratios was discussed, they helped to assure the faculty that its value and interests were known and respected and that the faculty could play an active and constructive role in finding solutions to common problems.

By the end of Spring Quarter, the committee proposed a solution which provided almost all the positions we needed. It included agreements with qualified faculty in over-staffed departments to teach basic courses in English, statistics, business, mass communications, and other areas. Additional faculty agreed to take leaves, and some decided to retire. The general underlying strategy was to put new hires into growing fields with high student-faculty ratios and to transfer faculty, wherever possible, to higher-cost departments.

I accepted their plan, and it worked. It is evident, of course, that the solution represented only an immediate patch for a long-term problem. Nevertheless, over the next five years the faculty and administration diligently pursued the techniques of reassigning positions lost through retirement or resignation, arranging and reassignment wthin departments (European historians learned to teach American history, political scientists were retrained to teach courses in public administration, business, and so forth), and increasing the number of leaves taken in over-staffed departments. To these methods we added tight control over scheduling of classes to eliminate or reduce excessive offerings of specialized and low-enrolled classes, rescheduling of classes at hours when students could best attend, reduction in the size of some majors, changes to less expensive course formats in high-cost departments, and modest increases in maximum class size in many courses in high demand. The School of Business and Economics, for example, was regularly allocated new positions but agreed to share part of the burden of reallocation by increasing the size of sections in accounting, management, and economics. This kind of voluntary cooperation did much to maintain the campus-wide sense of common concern and to lessen the feeling of declining departments that they were shouldering the entire burden.

In the period from 1972 to 1980, the campus achieved better balance in its curriculum by adding or expanding majors and programs in applied disciplines. Included in this category were programs in health

sciences, criminal justice, computer science, nursing, mass communications, and a half dozen special programs and options in the School of Business. Growing support for these programs from a conservative faculty, heavily concentrated in the arts, humanities, social, and natural sciences, was a considerable achievement. Much of the credit for this belongs to the leadership provided by the Academic Senate and the Vice President for Academic Affairs.

2. ***Fiscal Controls***

In 1969, I had created an ad hoc budget group consisting of the President, the Academic Vice President, the Administrative Vice President, the Business Manager, the Budget Officer, the Executive Dean, and the Dean of Students. Subsequently, the Chair of the Academic Senate and the President of the Associated Students were added to the committee. The function of this group was to review overall budget decisions of the university and to make decisions on all items in our University-wide Programs budget. The UWP was created to provide for major unbudgeted needs at the campus-wide level, such as salary savings or matching funds for Work Study, and to provide the flexibility necessary to meet these needs on a planned and dependable basis. With the onset of severe budget problems in 1972, this committee, using the UWP, proved to be an excellent device for monitoring funds very closely, meeting emergencies, placing funds as fully as possible with the operating units, and minimizing reversion of year-end balances. The priorities and general guidelines for reduction of funds were set at meetings of this ad hoc committee and of my Executive Staff.

Because our FTE declined 24 percent between 1972 and 1979, the reductions in our budget and the sums we had to return to the CSU each year were very substantial. A small cushion was provided by the policy of the State that for the first 150 FTE above or below budget, a campus does not receive additional funds or have to pay back money to the system. In 1972-73, for example, our net FTE loss was 98, so no payback was required. In 1973-74, however, our net loss was 697 FTE, and we had to make payback in the Fall Quarter of dollars equivalent to 547 FTE. Among the fiscal devices we used were the following:

1) We set strict cut-off dates well in advance of the end of the fiscal year for expenditures of all department budgets. Any funds still in department budgets on those dates were recaptured. By this and related means, we were able to control the balances that might lapse to the General Fund to within four or five thousand

dollars. A lapse of less than $5,000 on a $25-40 million budget is very tight control.

2) We placed a freeze on rehiring for many staff positions. When a position became vacant, a judgment was made concerning the degree of urgency involved in rehiring for the position. Whenever possible, we required the position to be left unfilled for 30-90 days to enable us to gain resources.
3) All temporary and part-time appointments were made on a 10-month basis. Exceptions had to be approved at the vice presidential level.
4) We placed a kind of tax on the conversion of positions to the temporary help, blanket accounts. If a department wanted to use a staff position to hire temporary employees, we usually required the position be left open for 60-90 days.
5) If nonfaculty employees had substantial amounts of vacation pay due them at the time they left the University, we held the positions open long enough to pay off the accrued vacation time.
6) In order to be sure that we had sufficient funds to repay the system, funds for library books were held as a reserve fund each year until late in the Fall Quarter. Fortunately, we never had to use these funds, and they were allocated to the Library each year.

III. Concluding Observations

These program, personnel, and fiscal measures are examples of the kinds of steps we took to manage major reallocation. I want to emphasize, however, that the success of the venture depended less upon the specific measures undertaken than on the kinds of things we often regard as intangibles. Among these intangibles is the good fortune of having a highly competent management team who had worked well together during the preceding years of growth and who had developed a high degree of mutual trust and confidence. Above all, the acceptance by the staff, as well as the faculty, of the reality of the problem, and their willingness to place the general welfare of the University above the spirit of private faction, helped turn general policies and priorities into operative programs.

Critics of Hayward's approach to retrenchment have emphasized that we were fortunate in two respects: enrollment decline was gradual, only 3 to 4 percent each year over a seven-year period; and vacancies occurred in over-staffed fields, where they could be recaptured. There is some truth in this, because the situation could well be different on other campuses. Any strategy to cope with major reallocation will be affected by the rate and locus of attrition, the available management skill, faculty understanding and cooperation, and many other variables. Had the rate and extent of change

been unmanageable by the methods we used, we were prepared to use more drastic measures, as is evidenced by convening the lay-off committee in 1975.

Hayward's policy was never to protect faculty jobs at all costs. Our strat gy was to protect tenured faculty so far as this was possible while (a) meeting the need for substantial reductions in the total faculty positions, (b) providing increased allocations and resources to new areas of student demand, and (c) maintaining basic levels of faculty and support equipment in disciplines essential to our mission, such as science, the liberal arts, and the social sciences. Our strategy, therefore, was contingent, not absolute, and involved careful and continuous review of basic values and our mission.

To the Jeremiahs who ask, "But what do you do if your FTE drops 50 percent," one can only answer, "Whatever you can." It is like asking what you should do when a nuclear bomb hits your house. One cannot manage the unmanageable.

On the other hand, it has been the theme of this paper that much is manageable, even very basic reallocation. To gain some appreciation of what can be accomplished with a little luck and a lot of cooperation, I will close by summarizing what we did achieve from 1972 to the present.

We made a net reduction of 62 full-time, annual positions from the total faculty budget. While making this reduction, we increased the School of Business and Economics by 46 positions, reduced the School of Arts, Letters, and Social Sciences by 88 positions, and cut sixteen positions from the School of Education. Total positions in the School of Science remain about the same, but extensive reallocations have taken place within that total. We now have 1,000 majors in computer science, a program which did not exist on our campus five years ago, and we have strong programs in many other applied disciplines. The curriculum of the campus is much better balanced than it was, and we have a well-informed and highly cooperative faculty to help us deal with future problems should they arise. And, there is a happy ending. For the past four years, enrollment has grown 2 to 3 percent each year.

ATTACHMENT A

How We Judged Over-staffing

1. We reviewed the historical trend of student-faculty ratios in each department.

2. We compared the current student-faculty ratio to the ratio the department would have achieved if its classes filled to the capacity set forth in the GSU staffing formula. In essence, this is a kind of productivity index.

3. We compared the current student-faculty ratio of the department to the median ratio of the same department on other campuses in the CSU.

4. We reviewed data on the number and trend of majors in the departments and the number of degrees conferred in each major.

5. We studied the percent of classes taken by students outside their major department in order to give insight into the effects a reduction might have on other departments.

6. We studied the latest program review of the department in question.

7. We discussed all of the above with the chair and members of the department and listened carefully to their responses.

8. We finally made an overall judgment based on this information and the department's response to it.

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